



SOUTHWEST NOVA SCOTIA

LOBSTER FORUM

Rodd Grand Hotel, Yarmouth, Nova Scotia

September 20, 2017

REPORT

TABLE OF CONTENTS

Preface/Acknowledgments	3
Executive Summary	4
Proceedings	6
Appendix	23

Preface

This is the report of the Southwest Nova Scotia Lobster Forum that was held at the Rodd Grand Hotel, Yarmouth, Nova Scotia on September 20, 2017. Copies of the report are available from the sponsoring organizations (see Appendix I).

Acknowledgements

The organizing committee would like to warmly thank the following sponsors for their generous support of the 2017 forum.

SELECT (\$1000+)

CIBC Private Wealth Management/Wood Gundy

Coastal Financial Credit Union

Fisheries and Oceans Canada

Grant Thornton

The Nova Scotia Department of Fisheries and Aquaculture

Stright-MacKay

COMMERCIAL (\$500+)

VernonD'Eon Fishing Supplies

The Lobster Trap Company

MARKET (\$50+)

Clare Machine Works Ltd

Philip LeBlanc Diesel Repairs

Shelburne Diesel Supplies

BMC Seafood Ltd.

Executive Summary

1. Organizations/Planning group

The forum was planned and hosted by four fishermen's associations:

- The Coldwater Lobster Association
- The Maritime Fishermen's Union
- The Bay of Fundy Inshore Fishermen's Association
- The Scotia Fundy Inshore Fishermen's Association

Representatives from these groups formed a committee in early 2016 to plan the **first annual** forum, and asked Arthur Bull to join in the role of facilitator. The second annual forum flowed from feedback from participants at the 2016 Forum. [See Appendix II for contact information for the sponsoring organizations].

2. Issues

The committee identified a number of issues facing the industry, including

- Importance of Fishermen's Organizations
- Fisheries Act Amendment and Licensing Policies
- By - Catch Monitoring Presentation and Workshop
- Lobster Council of Canada (LCC)
- Marine Mammal Issues
- Marine Protected Areas (MPAs)
- NS Fisheries Loan Board
- CRA Tax changes that affect fishing enterprises

The purpose of the forum was two-fold:

- to inform lobster fishermen about issues facing their industry, to assist them that to be those issues
- provide lobster fishermen with an opportunity to give input on the issue of by-catch monitoring.

3. Goals

In addition to informing and engaging lobster fishermen about these issues, the committee also identified the following goals for the forum:

- to engage younger lobster fishermen in discussion about issues facing their industry
- to include participation by lobster fishermen who do not belong to an association
- to demonstrate that fishermen's associations in Southwest Nova Scotia can work together to address common issues, when needed

4. Participation

130 lobster fishermen attended the Forum, with representing LFAs 33, 34 and 35.

3. Sponsors

This year's forum was generously supported by local businesses, as well as government:

- CIBC Private Wealth Management/Wood Gundy
- Coastal Financial Credit Union
- Fisheries and Oceans Canada
- Grant Thornton
- The Nova Scotia Department of Fisheries and Aquaculture
- Stright-MacKay
- VernonD'Eon Fishing Supplies
- The Lobster Trap Company
- Clare Machine Works Ltd
- Philip LeBlanc Diesel Repairs
- Shelburne Diesel Supplies

4. Publicity

The committee did the following publicity:

- radio interviews,
- social media
- outreach to membership
- posters at wharves
- a website

Proceedings

1. The Importance of Organizations

A panel, made of up representatives of the four associations that organized the forum.

Bernie Berry- Coldwater Lobster Association

Bernie spoke about the benefit of having collective voice when discussing issues and problems that arise, bringing a bottom up management approach that is both accountable and constructive. He emphasized that the way build a better future for industry, is to have associations with structure and dues paying membership that address the many complex issues it is facing.

Graeme Gawn, MFU Local 9

Graeme pointed out that significant gains for inshore fishermen have come as a result of fishermen working together, which the MFU has been part of, and that they can't do it as small groups alone. Lobster fishermen need to be united to move ahead and work collectively: united we stand, divided we fall. Working together, fishermen's associations can also connect with bigger umbrella groups such as the Canadian Independent Fish Harvesters Federation (CIFHF).

Judith Maxwell – Scotia Fundy Inshore Fishermen's Association

Judith emphasized that issues facing the industry are more and more diverse and difficult, like supply tags and on line licensing, and that fishermen's associations have to be organised, you have to have a unified voice. LFA 33, 34, 35 cover diverse fisheries, not always going to agree, and some issues can be worked on it independently, but there are important topics you can stay unified on. This has to be based on input from fishermen. There should be a freedom of choice, but lobster fishermen do need to be represented, in order to express their interests and concerns

Colin Sproul – Bay of Fundy Inshore Fishermen's Association

Colin spoke about how Industry is under threat, under regulation, massive wind farms being proposed, potential for tar sands tankers, tidal energy. At the same time, he said, corporate threats have gone unnoticed and ignored, time will come when you can't ignore them anymore. He pointed out lobbying in Ottawa and Halifax, changing policy with scientific and economic reports, and that lobster fishermen must do the same by becoming effective lobbyists. At the same time, the industry must build public support. This can only happen with a united front, pooling resources, and concentrating on issues that are important to all lobster fishermen. For all their diversity, the lobster fishery are facing common challenges and issues, that cannot be addressed through by their associations working together, as they are in this forum.

2. Fisheries Act Amendment and Licensing Policies

Morley Knight, Assistant Deputy Minister, Fisheries Policy, DFO

Morley came from Ottawa to attend and address the forum, and spoke about some of the major issues facing the lobster fishery in Southwest Nova Scotia.

a. POLICY FOR PRESERVING THE INDEPENDENCE OF THE INSHORE FLEET IN CANADA'S ATLANTIC FISHERIES (PIIFCAAF)

Morley first spoke about PIIFCAAF and owner operator policy.

He gave an update on recent developments, including

- Background on the Elson case, a Federal Court Case in which an individual in a controlling agreement (Elson) who individually challenged DFO's right to apply PIIFCAAF
- That the court's rendered judgement that said PIIFCAF is within the mandate of DFO, and that social and economic objectives are relevant considerations in licensing policy.
- That the matter is under appeal, and likely will not be decided for at least a year.

Morley also described how DFO is implementing the policy by

- adding PIIFCAF to Fisheries Act, enabling DFO to create regulations under to prevent fishermen from entering a controlling agreement
- undertaking other compliance activities including reviews in various regions, ending flexible partnerships this season, meaning that both partners will have to be onboard the vessel.

He pointed out that PIIFCAF represents an important policy for DFO and coastal communities, to advance economic well-being, help to generate stable and long-term prosperity to help middle class thrive. Use of controlling agreements took some time to develop and become a widespread problem; it will take time to eliminate the use of them, but DFO is moving forward in this direction.

b. BY-CATCH MONITORING

Morley spoke about the issue of by-catch monitoring and its importance in the Southwest Nova Scotia Lobster fishery. He gave an overview of the issue, describing by by-catch monitoring is part of modern fisheries management, an element of the broader sustainable fisheries framework and part of larger and global picture.

He also recognized that considerable and promising work is underway by the lobster industry in the area to put in place an effective by-catch monitoring system. To do this the industry has come together to develop a made-in-the-southwest solution.

c. FISHERIES ACT CONSULTATIONS/INDUSTRY ASSOCIATIONS

Morley gave an update on ongoing Fisheries Act consultations that will result in future amendments to the act. He encouraged fishermen to participate by: attending the upcoming consultation meeting; making online-submissions; and contacting DFO officials. He also stated that the Standing committee on Fisheries and Oceans had many hearings and heard from fish harvesters, not only on fish habitat protection provisions, but also on a full range of matters that may be in need of change and/or strengthening. The Committee found that legislative changes are needed in 4 areas- planning and IM, regulatory enforcement, collaboration and monitoring and reporting. The department is consulting with the public on what those changes to the Act should be. Also, Morley referred to Minister LeBlanc's intentions to include PIIFCAF in the Act.

Morley also emphasized the importance of the consultations for the fishing industry/lobster sector, and how, in order for the lobster harvesters' voice to be heard, they must be well-organized, well-informed and effectively engaged. In the past the industry here has tended to be under-organized and under represented. DFO needs input from everyone, including the fishing industry, because there will be other competing interests advocating at the same time for other things. It is therefore important that there are harvester organizations working together, speaking with a strong and united voice. This will be increasingly important because

- issues are become more complex and global, there are challenges for industry and regulators
- it enables lobster fishermen to respond more effectively to these challenges; while everyone can have their say, DFO is looking for better methods to communicate and receive clearer signals about industry policy preferences.
- it allows harvesters to develop a stock of expertise on science and policy
- industry can become more of an agenda-setter rather than reacting to policy change
- associations bring focus and leadership, unification, create new skills

d. The Food, Social and Ceremonial Fishery (FSC)

Morley talked about local issues related to the Food Social and Ceremonial (FSC) Fishery

He observed that First Nations have a right to fish for food, social and ceremonial purposes, a right that has been upheld by the Supreme Court of Canada; outlined the Sparrow decision and the priority of access for FN communities.

While there is a right to conduct FSC fishing, the buying and selling of FSC-caught fish is contrary to regulation, specifically the Fisheries (General) Regulations.

Morley underlined the fact that just like the vast majority of commercial harvesters, the vast majority of First Nations harvesters are law abiding.

He stressed that DFO has taken all of the concerns raised by industry seriously. As part of the Department's ongoing efforts to ensure that all fisheries adhere to the regulations, Morley noted that the department had deployed additional surveillance vessels in St.

Mary's Bay, and indicated that lobster gear in the bay was being inspected, and if it contravened regulations it would be seized and removed from the water. He also noted that DFO had seized and removed gear already.

Morley pointed out that in cooperation with enforcement partners, DFO was also conducting enhanced inspections at fish plants in the area.

Importantly, he noted that DFO had been, and continues to be, in ongoing discussions with indigenous and non-indigenous fish harvesters in the area. As well, the leadership of the various area associations was recognized, particularly in terms of its ability to provide insight, advice and help in seeking out a constructive path forward aimed at helping to address the problems identified, both in the short, and longer terms

In the end, Morley expressed the view that the department would like to see something useful and constructive come out of the recent events related to the FSC fishery, something that will allow First Nations harvesters, commercial harvester and the department to work more closely together around issues affecting the lobster fishery.

As well he expressed the additional hope that associations and First Nations communities will, themselves, be able to develop productive relationships that will foster sound stewardship and best harvesting practices in the area lobster fishery.

In the end, he underlined the need to ensure that all interests are protected, that First Nations be able to exercise their right to fish fully, and that the fishery be orderly.

2. By-Catch Monitoring Workshop

The forum's organizing committee identified the issue of By-Catch Monitoring as a key issue that the industry should be engaged in. It was therefore made the topic of the workshop, since it is an issue on which fishermen need to have a voice. Prior to the workshop, a panel was asked to provide background information to help frame the small group discussions.

PANEL

Rick Crouse, Marine Stewardship Council (MSC).Rick gave an update on MSC including

- that surveillance was completed in June, results of that surveillance audit are on the website.
- LFA 34 3 year milestones that still have to be done, 5 conditions on lobster, condition 1, harvester control rules, in year 1 were ahead of target, year 2 on target, year 3 still need documentation that harvest control rules have been improved, won't be met for surveillance audit for this year, hopefully be for 2018
- A review of the MSC conditions fro LFA34 conditions, other than Condition 4 on By catch

He also gave an update Condition 4 on by catch:

- on target year 1, on target year 2, year 3 still need to provide documentary evidence that system for by catch data collection has been implemented within fisheries management system
- many species are retained in lobster fishing, some may be retained for bait, particular concern for cusk and cod, must increase participation this year to at least 22 enterprises (2% of fleet).
- Next steps: participate in by-catch study, society will keep stakeholders informed, engage with LFAs that have no broad representation, work with DFO to test by catch systems and work with stakeholders and DFO to prepare for SA3

(PowerPoint slides for this presentation can be seen at <https://www.youtube.com/watch?v=JGA1zUNeVf0>)

David Whorley, Area Director SWNS, DFO

David reviewed DFO's perspective on by-catch monitoring, including

- Condition 4 from MSC, by-catch is main concern by-catch data sampling and reporting
- Work related to by catch is part of departments policy on managing bycatch: goals are sustainable harvest, no harm to by-catch species, understand by catch interactions, fits within broader international picture by FAO and responsible harvesting
- There is generally not great by-catch data around, with MSC there is growing demand for products that come from sustainable fisheries
- Looking ahead in terms of by-catch data verification, understand what by-catch interactions are in order to mitigate risk
- DFO wants to support industry to get eco-certification
- In terms of bycatch data sampling, want to put in a system for data sampling, some in industry have developed their own approach
- Want to ensure that DFO has solid by-catch data sets, want to scientifically validate third party scientific review,
- In absence of data, left with precautionary approach
- By-catch monitoring program needs to be practical, effective, timely, reliable, aggregated reporting, best practices, address conditions of risk, scientifically valid, and industries interest in MSC
- Coverage for data sampling—be in place for fall of 2018, 1% coverage for sea days LFAs 27-38
- Objective is to develop a test data collection up until that time to get a basic profile of bycatch to feed into that frameworks
- Encouraging that LFAs 33, 34, 35 have created their own by-catch initiatives
- Lot of ways to achieve these goals, its clear though that industry has little interest in video monitoring, hail in and hail out requirements, there is a desire to come up with an approach that avoids those things

- Industry led approach and best principles like administrative simplicity, non-for-profit pricing, sound science, partnership approach seem to be promising
- Would like to encourage this work to continue, Morley's point that an industry built approach is way easier to implement, better opportunities for success
- Would like to bring science and resource management to the table soon
- The importance of associations – this is an issue where associations could work together to build their own program
- Would like to establish working groups for October, throughout winter would like to work with industry to work out the framework, training materials, make changes to logs and licence conditions, and by spring be in a position to provide licence holders with info on what to expect

Chris Hudson - President, Bay of Fundy Inshore Fishermen's Association

Chris provided the background on the by-catch monitoring issue:

- As LFA 35 advisory meetings, DFO brought up subject, but fishermen ignored what she said because they didn't want to deal with it
- This all came to a head this spring, had conference call in March where 1 wharf rep called in and was worried after hearing what was going to happen, wanted the association to get involved
- At next conference call in July, no wharf reps called in – this is a problem. If DFO is going to implement policies and industry is not going to be involved in how that will be implemented, you can't blame DFO
- After further conversations, DFO wanted 5% of all trips, at cost of 8-1200\$
- In district 35, 6500 trips last year, multiply that by 8-1200\$, 280,000\$, DFO doesn't pay the bill – this is why conversations got heated

Chris went on to describe an alternative approach being developed by industry:

- BFIFA and Coldwater Association to see if they had been contacted about by-catch, he said not, thinks LFA 35 was being targeted, from this point the next call was in September, had 6 or so fishermen on the phone, got DFO down to 1%, this is doable, don't have to use Javatech or ACD
- Plan has to be done for various reasons, MSC is one, it requires it, without MSC don't ship overseas and don't get the price—this is part of the driver
- Purpose: Log data on all by-catch; log data on lobster stocks, log season water temperatures across the districts, also log bait used—MSC and DFO also require this
- There is not a lot of bycatch in lobster pots, instead of having technicians, they can do a stock assessment, last one done was in 2013
- Bay of Fundy Inshore Fishermen's Association and Coldwater Lobster Association, MFU Local 9 and Scotia Fundy are all on board, currently working on this project in conjunction with one another to bring this project to fruition
- Offices will work in conjunction with weather and boat size, technicians on vessels under the safest conditions possible
- DFO requires 1% of trips to be monitored, this equates to 64 trips minimum

- Associations are proposing to do 1 trip per vessel, this equates to 1.5% -- even though average will have 1 trip per vessel, doesn't mean each vessel will have one, areas where by-catch is more of an issue will be targeted more often
- Under current observer programs, the cost would be about \$800 to \$1200 per trip. Cost estimates under the associations' plan would be \$400 to \$500 per trip, both associations are submitting proposals to the Fisheries Innovation Fund to ask for funding for this project.
- All current members in good standing are eligible to participate in this.
- Alternatives are current DFO approved observers such as Javatech or ACD, or to call in and out to either of these companies each day. If you are chosen to have to wait 5-6 hours while working with the tides and weather.
- Offices of associations will be responsible for data entry

WORKSHOP

After the panel, the workshop participants broke into small groups of 7 - 10, with A facilitator/recorder for each group. They were asked to answer two questions.

Workshop Questions:

- a) Do you want industry to create a by-catch plan or do you want DFO to do it for you?**
- b) If you want industry to create the plan what would you like to see in the plan?**

Workshop Results

- a) Do you want industry to create a by-catch plan or do you want DFO to do it for you?**

All ten groups said yes, and supported the idea of an industry-driven by-catch plan that is designed and managed by industry.

- b) If you want industry to create the plan what would you like to see in the plan?**

In the groups discussion, fishermen identified a number of ideas about how the plan should go forward, as well as specific suggestions and questions relating to data management, financing, observers and governance.

IDEAS

- Individual quotas, not big businesses
- Why randomly picked by DFO?
- Industry would organize for fairness (time frame)
- 2 Clear directions/information
- 1% OR 3% OR 5%
- Consistent requirements
- No season changes
- Local knowledge of fishery important

- Tides, weather, by-catch changes
- Preference for one system
- Whatever association you belong to says who goes where – accommodation
- For those who don't belong to an associations- do what DFO wants
- Incentive to join an organization
- Certain by-catch caught I lobster traps with high mortality, should be able to land it and sell it but towards the cost of the rip (group fund?)
- Cusk and hake a redfish high mortality
- Trips divided evenly? Broad scope, It puts monitoring in areas where more is caught, other wise it creates false stats on what's caught
- There are a lot of lobster fishermen who avoid high catch areas
- Continue to enforce it in the plan
- Safety issue – must have equipment life raft
- Coordinate this through he associations
- 1% if it's sufficient for DFO
- but everyone must go (could be 1.5% as a result)
- NO selective profile based on WX and vessel size
- Our association and reps should be doing for industry
- The plan has to work fro us and for DFO
- A large % of by-catch do survive
- convenient for fishermen during busy times, not having to wait around for observers

DATA

- Own the data
- DFO needs to produce a better logbook
- Why not fishermen doing the log
- Data entry to existing Co. as only 1% trips
- DFO collection would mean loss of control
- who is responsible for the data, and changes that need to be made as a result of the data?
- The problem now is lack of info but what happens with the info when it is collected
- The program needs to have mechanisms in place to get info back to industry
- ownership of data is important
- What will the data be used for?
- Control of data and analysis
- Discussion with other fisheries and government
- The plan has to convince fishermen to fill out their forms properly

FINANCING

- Cost shared, pooled
- Equally shared costs

- Important that organizations collect costs
- Cost effective
- Coverage through observer? Or vessel @ 10%, or both?
- Record type of baits, water temperature, bottom type
- It should be affordable for fishermen

OBSERVERS

- Need good trained technicians
- Do we need to write down data as well as technicians?
- Decent pay for techs
- 1% observer coverage
- associations should provide observers, not DFO
- how to trust observers- trust issues
- Associations fund in part and individual in part
- Bring down the price to \$400 - \$500
- 72 hour notice for at sea observers
- local observers for each area.

GOVERNANCE

- Can be an affiliate of an association
- Can it be more associations?
- Need good governance structure for the organization led program
- Discussion with members about collecting more info/data than required so it can be used for discussions
- We do support the plan that Chris Hudson explained, worked by all 4 (5?) associations

OTHER QUESTIONS

- How many members must an association have to be recognized?
- Want to see plan
- Safety issues
- Accurate on both parts
- Could have unanticipated consequences
- Including FSC
- How long will the monitoring program last

CONCLUSION

The result of the workshop was a clear and unequivocal endorsement of the proposal for an industry-driven solution for by-catch monitoring, and specifically for the approach put forward by Chris Hudson.

4. Lobster Council of Canada (LCC)

Geoff Irvine of LCC gave an overview of some of the key issues facing the lobster fishery

- Priorities: market and promotion of Canadian lobster, trade shows, do this for revenue, but also promoting Canadian lobster
- Trade leads, for example when someone types in Canadian lobster, Lobster council comes up
- Also promote the Canadian lobster ground, and are the voice on many other things: roundtables, Canadian centre for fisheries innovation, ACOA
- Market access: MSC program, exporters can use that logo to tell the world its sustainable, important for brand image
- Americans have new seafood monitoring program, traceability: cod, swordfish, are already on it, lobster is going to be on it
- New Marine mammal protection rule, as of 2022, anyone that sells seafood to US that interacts with marine mammals has to demonstrate that they follow same regulations as Americans
- Norway has banned live lobster because they are worried about them mixing with their native lobster
- CIDA: 8% live lobster tariff goes away as of tomorrow, frozen lobster 6% phased out over 3 years, frozen lobster not whole 16% tariff phased out over 3 years.

Geoff also gave an update on LCC and its work:

- NAFTA- working with governments to tell them what the seafood sector wants
- MSC – Newfoundland lobster is the only place that is not certified yet
- MSC society, half harvesters and half shore side
- Also look after work with MSC
- Coldwater and MFU Meteghan are part of lobster council
- Communications, internal and external
- Give information to members, landings, exports, prices, trends, currency impact, other proteins, competitors
- Landings Data – last 6 years, 2016 was record year
- Big changes in landings over last year in 33, 34, 35, especially in May
- Lobster branding, now more companies are focusing on sustainability, food safety certification
- Now there is a provincial recognition
- Most important in international markets in Canada as a brand, all top exporting lobster companies have a maple leaf
- When we talk about Canadian lobster brand we think of: place, pristine, wild caught, people, genuine, independent, process, sustainable, traceable, Product, high quality, consistent
- Last 10 years of landings, and lower prices have broadened the market
- Competition: shrimp is cheap, pork, beef, compete against meat and other seafood products, not against each other

- Fall market will be impacted by strong Canadian dollar, competition from US supply, overall demand
- Atlantic Fisheries fund: DFO pot of money if associations want to use it for by-catch plan, it is there to apply for, lobster science and market intelligence function is what LCC is going to apply for
- Right now trade with US and Mexico is tariff free, US needs ours and we need theirs, can't imagine governor of Maine is going to allow that to change, there is worry that renegotiation is a façade, but WTO rules protect us

(PowerPoint slides for this presentation can be seen at <https://www.youtube.com/watch?v=xD2gC4RRg3c>)

5. Marine Mammal/Right Whale Issues

Marine mammals, and the recent mortalities of North Atlantic Right Whales was identified a major issue facing the lobster industry. To bring fishermen up to speed on the issue, a panel was asked to provide a background and update on the Right Whale situation.

Cathy Merriman, Species at Risk Biologist, DFO

Cathy works with Ecosystem management, part of which is species at risk, and facilitates bringing information and people together to understand problems and find solutions. She provided background on North Atlantic Right whales, including t

- North Atlantic right whales first called endangered in 1980s, main threats were collisions and entanglements with gear
- Right whale specie is well know, and has been studied for 30 years. In last few years there have been many changes. It has previously been present in Bay of Fundy and Scotian Shelf, 2011-12, but recently fewer right whales in Bay of Fundy, and hearing in recent weeks there are changes in where they are being seen in US waters. In 2015-2017 more in Gulf of St. Lawrence than usual
- Recently there has been a catastrophic series of events, with 11-13 Right Whales found in the Gulf, 2 more off US Massachusetts. Governments are trying to understand why this happened and how to prevent it
- Final report on how they died is being done by PEI scientists
- Right Whales are probably moving because they are looking for food

Tonya Wimmer- Marine Animal Response Society (MARS)

Director and founder of MARS, which was started almost 20 years ago as NS organisation to deal with whales, sea turtles, dolphins and other species. MARS is now involved with 10 organisations to address this issue.

She described MARS' work:

- to respond to incidents anywhere they occur in the Maritimes

- to run a toll free hotline
- to help where they can in a safe manner
- to gather biological data, and investigate and narrow down causes of death—if this isn't done, people guess blindly about what happened, and this doesn't help anyone
- to carry out examinations occur almost in a forensic way, but it's about having an unbiased and systematic manner

Tonya gave an update on the recent Right Whale mortalities in the Gulf:

- Signs of certain kinds of death cannot be seen from the outside, it's not until you look inside that you might see signs of what happened
- Never had this many Wright whales that have died within this period of time, it's unprecedented
- 13 reports of dead whales, 6 live entangled whales – of the 13 could do a necropsy on 7, of the 6, 2 were disentangled – 14 males, 4 females, and 1 unknown, age range is from 6 to over 37
- Aerial surveys going on, research on boats, this is part of the reason research was coming in so quickly
- 5 calves were born in 2017 – 3 times the number of deaths than babies born
- In the end of the investigations, 2 had entanglements, and (4?) were collisions with vessels
- DFO helped get the animals to shore, 100 miles off shore one was towed in by DFO and the coast guard,
- DFO responses to these deaths, new scientific paper published suggests that in 2010 population was already in decline, now there is more pressure on government to acknowledge this problem and address it
- Quickest things that happened: snow crab fisheries in Gulf (LFA 12) were closed, to get gear out of the water
- Vessels, some whales may have been hit by large ships, so worked with Transport Canada to implement a voluntary slow down based on published science, this is where the figure out of 10 knots comes from, in August it was changed from voluntary to mandatory
- Harvesters may be asked to move their gear, dynamic management, in Canada we haven't had the pressure to address it but not it's being discussed on an accelerated time line
- One outcome of this NOAA, are doing an investigation of mortalities, they have a process to determine if its an unusual mortality event, they have determined yes, so it will trigger certain responses

(PowerPoint slides for this presentation can be seen at <https://www.youtube.com/watch?v=C7ud4wbmUlo>)

Hubert Saulnier- MFU Local 9

Hubert provided a fisherman's perspective on the issue. He has worked with Tonya, Cathy, Sean and other marine mammal experts for the last 20 years. He explained that

- Mortalities occurred off Cape Cod a few years ago, USA complained Canada wasn't doing anything
- The US modified their gear, but it's difficult to use it in the Bay of Fundy because the bottom is different, the tides are different etc....
- Fishermen had worked to see whether there was a process whereby whales could dislodge themselves to reduce entanglements
- If you are fishing in an area and you see lots of whales, you can move your gear, or if you want to leave it there, have trawl with balloons, if you are comfortable you can remove the one end to reduce the probability of entanglement by 50%
- Groundfish, longline and gillnet, limit the number of fishermen who could go fishing, quotas have been cut, so every other year 3 boats can go out, removes interactions in the Bay of Fundy
- Regarding gear modifications, there is no such thing as buying a weak link though, what he was told in the USA is that on the buoy line, you can put a knot in which will break before the whale gets entangled.
- Advises industry to if they see an entangled whale, is to report it, harvesters are reluctant to report it because they are worried they will be penalised
- Whales could be caught up in drifting buoy lines
- Fishermen need to be proactive and innovative, Addressing this also deals with MSC
- Using smaller rope you can bring your traps back, but it cuts the whale more easily if they get wrapped up in it, so maybe bigger rope is a better idea with break away links
- They switched traffic lane between Digby and St. John a couple of years ago, but now the whales have shifted closer to the lane, now government is talking about shifting them again

6. Marine Protected Areas (MPAs)

The issue of Marine Protected Areas (MPAs) has been increasingly in the news, as well as its impact on inshore fisheries. The following presentations were intended to give two perspectives on MPAs. Dr. Sean Brilliant gave a scientific perspective and Kevin Squires gave an industry perspective. The aim of the session was to increase fishermen's awareness of the MPAs.

Dr. Shawn Brilliant, Manager of Marine Conservation Canadian Wildlife Federation, made a number of points related to MPAs and the lobster fishery:

- MPA may serve you better than fishermen think they will

- MPAs will not solve all the problems people see them as the goal and saviour of marine conservation, they aren't the solution to everything, but they can serve you better
- Oceans are becoming a busy place, people are scrambling for room on the ocean, and it's going to be important that you are there to talk about it
- If you ask what MPAs are you'll get 10 different answers, the problem is that there are many interpretations
- MPAs are an area of the oceans with lines drawn around it, something you want to protect, goals assigned to that, and some activities are linked to protecting those things from disappearing
- Oil and gas and fishing are allowed in all of them, only 3 restrict oil and gas from part of them
- MPAs are part of international agreements, all countries are moving towards establishing them
- There are many different categories of access ranging from all activities, to no catch zones
- In 2010 entered Canada entered into international agreements that said 10%
- MPAs are really marine managed areas, keeping track of what's going on in that area of the ocean
- The process can become complicated, DFO has 6 step process and 15 years to establish an MPA, but it's important that you participate in that, it is the way of the future
- There are 3 different types of MPAs: MPAs (DFO), National Marine Conservation Areas (Parks Canada), Marine Wildlife areas, marine refuge/other marine conservation areas
- Some NGOs mistakenly see these as the solution to everything. They don't help with migratory animals, pollution or contamination, but they might help with small area that contains important features, bottom habitat, fish species, etc.
- MPAs will serve inshore fisheries better than you think. Even if it's just a managed area or reserve, science shows these areas serve surrounding areas well, commercial species become larger and more abundant. Inshore fisheries won't necessarily be excluded from these areas
- Opportunity to participate in discussions can be slow, but you also have opportunity to participate in fisheries management areas like Haddock box, serve as MPA in broad definition

Kevin Squires- Industry Representative

- Start with conclusion: participating and getting involved is the best possible thing you can do regarding MPAs and their development
- Over the past couple of years he has been going to Dalhousie's marine program MPA section, takes ideas from fishermen done through surveys
- One of which is MPAs are not appropriate for our area, they have evolved from tropical areas, they have unproven benefits in our climate

- They are looked at as unreasonable interference, a lot of ‘do gooders’ trying to put these things in, want to share it around (shouldn’t just happen in NS)
- Fishermen also question whether MPAs are necessary, NS has some of the best management in the world, we have a well protected fishery
- Current MPA reality, we don’t have much choice, we have to deal with it, national and international commitments that we are going to have to deal with
- We share the ocean with a lot of other people and operators
- We’ve had freedom of the seas and privileges, but now there is a new reality to deal with
- Need to engage as an industry, don’t just think of leaders as going to meetings and think that our particular interests will be defended re: design of an MPA
- Other thing is we can start looking at design and options for MPAs, there are a range of things that can be considered
- There is a certain percentage for fishing allowed in a typical MPA
- Many fishermen want to make MPAs smaller, but 10% of a big area is more than 10% of a small area, could influence design
- Should also be pushing hard that when MPAs are set up, they are well monitored, DFO focuses on biodiversity and goals, what about monitoring costs to fishing industry, do they have to go further, do they lose the ability to fish certain times of the year?
- The other item that rarely gets mentioned is compensating fishermen for loss of area and opportunity, MPAs are a national commitment, but it comes at the cost of industry, this is a discussion that needs to take place
- Should come through some form of DFO support, where DFO is pushing to build DFOs, its downloading a lot of work on industry, they should support a position which collects information with and for industry, with information that they need rather than industry having to do it
- Companies paying for lawyers and consultants – not precedent setting, but it’s a good move, they were interrupting fishery so they paid for it, when DFO download responsibility and interfere they should have to finance the cost
- What do we need to deal with MPAs? Do we need more info? What are we going to do to get more info?

7. Nova Scotia Fisheries Loan Board Presentation

Neil Parry and Colleen Frizzell of Nova Scotia Fisheries and Aquaculture Loan Board Gave an overview of the Loan Board programs Their key points were:

- Minimum they can lend is \$3,000
- Minimum deposit is 10% may be increased though based on risk
- Loans for licence programs—minimum required deposit for new entrant is 5%
- NSFLB also makes aquaculture loans
- Rates change quarterly, will potentially change come October 1
- Rate is set for the term of the loan

- New to industry and high risk, or because prices within industry fluctuate a— loan board wants to ensure financing to these types of people as well
- Can choose whether you want to make annual or semi-annual payments, and choose a pay period that works best for you, so loan structures match business needs
- Encourage feedback so they can provide best products and services
- Fishermen can get an application online, go into the office and discuss application, fax, email or mail application, also coastal resource coordinators are also willing to provide an application and help fill it out
- Purchase and sale agreement, not provided by lawyer for licences and other, financial information, past 3 years of income returns an notice of assessment, and if company, need company financial information
- New vessels require quotes, and quotes for a new engine
- If loan request is under \$75,000?? It can be approved in the office, over that it has to go outside of the office for approval so it takes a bit more time
- NSFLB is currently looking for feedback from industry on micro-loan program, address industry needs, access to affordable short-term financing, still just a working concept

(PowerPoint slides for this presentation can be seen at <https://www.youtube.com/watch?v=4KCJRQ-LKZ4>)

8. Tax Changes that Affect Fishing Enterprises

CRA is bringing in changes to the tax system that will impact fishermen’s incomes Ryan Power and Mike Sanford of Grant Thornton outlined key points about the changes, and how they will impact lobster fishermen. (See Appendix V for their PowerPoint presentation). Their key points were:

- This impacts most if not everyone in the room
- The fact is that things are moving and changing quickly. The rules as proposed are complex, and leave a tremendous amount of uncertainty and could have a lot of unintended consequences
- It went on to be a directed attack or approach to changes in professionals, seeing a lot of narrative in relation to doctors and lawyers
- In the last budget March 2017, there was a benign statement that said sometime in the future there would be a paper released that would address tax planning regarding corporations
- There is an increasing amount of media coverage given to the topic, it’s not an issue affecting the 1% it’s affecting every small business and private corporation
- The changes relate to Income sprinkling/splitting – takes income from an individual and splits it amongst family members, and the use trust to give dividends
- Currently if you split income and give dividends, there will be a mechanisms in place which will assess “reasonableness”, has yet to be defined

- What is reasonable? How do you assess that in terms of what's reasonable for my family and me is X is that the same for Mike and his family based on his families contributions? If I decide to pay my wife a dividend and it's not reasonable based on contributions to the business, CRA can come along and say we don't agree this and then say tax must apply at the highest rate—so this is punitive
- Corporation that owns 150,000\$, split it between husband and wife, net cash, 110,000\$ -- but under proposed rules, you can pay out the same amount, but if CRA deems it unreasonable, they will be hit with the tax at a higher rate
- Term called integration—it's a long held theory within tax system, it means that if one person chooses to earn income through corporation and then pay corporate tax, then take residual amount and pay it through dividend, you have personal tax, and there is money left over it can be put aside. This is intended to be quick and get to the same result, what distorts it is provincial tax rates
- Good way to supplement retirement income through dividends, under current rules this would come out 50/50, and because income is otherwise so low, wouldn't have tax liability on income – under proposed rules, there is an argument that could be made that she is not participating and any dividend is not reasonable, and now instead of having dividend that has little to no tax, she will be taxed on the highest rate so what she was hoping to gain for retirement no longer apply
- By 2018, even if you have built up all kinds of value, any value accrued prior to Jan 1 will effectively be wiped out, this means that if we don't undertake some proactive measures that could deal with that, that value could be lost, there are transitional measures provided in the rules whereby they can take shares in trust and allocate them to family members, and family can then do a crystallisation process
- If you have a trust, talk to your accountant
- Section 84.1 Prohibit capital into capital gains that are more favourable then dividends, increases the amount to people doing arms length transactions
- To use capital gains exemption, need to sell it as an individual, OR can sell it as a corporation but rule change is that any transaction between related parties, even if not claiming capital gains exception, it will convert capital gain to dividend

Building up corporate assets does give you a distinct advantage, you have the ability to leave these behind to do an engine replacement, buy new gear or equipment, this is done through retained earnings, sometimes when you have good years it builds up and you choose to invest that, but these could get attacked because government has said we don't want an unfair advantage to private corporations to not pay taxes on the money not being invested.

(PowerPoint slides for this presentation can be seen at https://www.youtube.com/watch?v=_UjIDcH3934)

Conclusions

The 2017 Southwest Nova Scotia Lobster Forum, the second annual forum aimed at bringing lobster fishermen in the area together to learn about and discuss key issues facing their industry. As such, the Forum achieved its primary goal. In addition, the organizing committee added a number of improvements over the 2016 forum, including:

- broadening its funding base, by bringing in financial sponsorships from local business
- creating a website and registration system
- establishing the forum as an ongoing platform for taking common action on specific issues facing the industry

APPENDIX I

Contact Information for Fishermen's Associations

Contact Information for Sponsoring Organizations

The Coldwater Lobster Association

rambunkshus@yar.eastlink.ca

The Maritime Fishermen's Union

ruth@mfu-upm.com mfulocal9@gmail.com

The Bay of Fundy Inshore Fishermen's Association

ffgc@ns.aliantzinc.ca

The Scotia Fundy Inshore Fishermen's Association

sfifaa20@eastlink.ca

